

Tangipahoa Alcohol and Drug Abuse Council, Inc.

Annual Financial Statements

As of and for the Year Ended June 30, 2014
(with 2013 summarized comparative information)



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Tangipahoa Alcohol and Drug Abuse Council, Inc.

**Annual Financial Statements
As of and for the Year Ended June 30, 2014
(with 2013 summarized comparative information)**

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Bruce C. Harrell, CPA

Dale H. Jones, CPA
Kristi U. Bergeron, CPA
Jessica H. Jones, CPA
Brandy Westcott Garcia, CPA

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs



CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

Independent Auditor's Report

To the Board of Directors of
Tangipahoa Alcohol and Drug Abuse Council, Inc.
Hammond, Louisiana

We have audited the accompanying financial statements of the Tangipahoa Alcohol and Drug Abuse Council, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tangipahoa Alcohol and Drug Abuse Council, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adjustment to Prior Period Financial Statements

As discussed in Note 11 to the financial statements, the Organization has restated its 2013 financial statements during the current year to record accrued salary at year end June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

As part of our audit of the 2014 financial statements, we also audited the adjustments described in Note 11 that were applied to restate the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Report on Summarized Comparative Information

We have previously audited the Organization's 2013 financial statements, and our report dated December 26, 2013, expressed an unmodified opinion on those audited financial statements. As discussed in Note 11 to the accompanying financial statements, the Organization restated its 2013 financial statements in the current year to accrue salaries at June 30, 2013. We reported on the 2013 financial statements before these adjustments. As part of our audit of the 2014 financial statements, we audited the adjustments to the 2013 financial statements and expressed the opinion that they are appropriate and have been properly applied. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements, as adjusted to accrue salaries, from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014, on our consideration of Tangipahoa Alcohol and Drug Abuse Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tangipahoa Alcohol and Drug Abuse Council, Inc.'s internal control over financial reporting and compliance.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
Kentwood, Louisiana

December 30, 2014

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Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statement of Financial Position
As of June 30, 2014
(with 2013 comparative totals)

	<u>2014</u>	<u>2013</u>
Assets		Restated
Current Assets:		
Cash and Cash Equivalents	\$ 90,461	\$ 113,387
Receivables, Net	6,725	6,875
Prepaid Insurance	2,865	2,575
Total Current Assets	<u>100,051</u>	<u>122,837</u>
Property, Plant, and Equipment		
Land	-	-
Property, Plant and Equipment, Net	4,927	6,753
Total Property, Plant, and Equipment	<u>4,927</u>	<u>6,753</u>
Total Assets	<u>\$ 104,978</u>	<u>\$ 129,590</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	\$ -	\$ 3,091
Accrued Payables	24,332	32,695
Total Current Liabilities (Payable From Current Assets)	<u>24,332</u>	<u>35,786</u>
Total Liabilities	<u>24,332</u>	<u>35,786</u>
Net Assets		
Unrestricted	80,646	93,804
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	<u>80,646</u>	<u>93,804</u>
Total Liabilities and Net Assets	<u>\$ 104,978</u>	<u>\$ 129,590</u>

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.

Statement of Activities

For the year ended June 30, 2014

(with 2013 comparative totals)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2014</u>	<u>2013</u>
					<u>Restated</u>
Operating Revenues					
Public Support					
Program Revenues:					
Louisiana Department of Health and Hospitals					
Florida Parishes Human Services Authority (FPHSA):					
Life Skills Training Contracts	\$ -	\$ 222,270	\$ -	\$ 222,270	\$ 230,995
Region IX SYNAR Contract	-	17,500	-	17,500	16,700
Hammond City Court Juvenile Services					
Youth Anger Management - Skills for Managing Anger (SMA)	-	-	-	-	636
Afterschool Achievement Program (ASAP)	-	1,689	-	1,689	792
Contributions					
Tangipahoa United Way	-	300	-	300	391
General	660	-	-	660	400
In Kind - Rent and Other	66,443	-	-	66,443	68,022
Other	6,257	-	-	6,257	2,880
Investment Income	27	-	-	27	73
Net Assets released from restrictions	241,759	(241,759)	-	-	-
Total Operating Revenues	<u>315,146</u>	<u>-</u>	<u>-</u>	<u>315,146</u>	<u>320,889</u>
Operating Expenses					
Program Services	252,589	-	-	252,589	277,489
Management and General	74,465	-	-	74,465	73,955
Fund Raising	1,250	-	-	1,250	1,436
Total Operating Expenses	<u>328,304</u>	<u>-</u>	<u>-</u>	<u>328,304</u>	<u>352,880</u>
Change in Net Assets from Operations	<u>(13,158)</u>	<u>-</u>	<u>-</u>	<u>(13,158)</u>	<u>(31,991)</u>
Change in Net Assets	<u>(13,158)</u>	<u>-</u>	<u>-</u>	<u>(13,158)</u>	<u>(31,991)</u>
Total Net Assets, Beginning	104,084	-	-	104,084	125,795
Prior Period Adjustments to Beginning Net Assets (Note 11)	(10,280)	-	-	(10,280)	-
Total Net Assets, Beginning	<u>93,804</u>	<u>-</u>	<u>-</u>	<u>93,804</u>	<u>125,795</u>
Total Net Assets, Ending	<u>\$ 80,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,646</u>	<u>\$ 93,804</u>

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statement of Functional Expenses
For the year ended June 30, 2014
(with 2013 comparative totals)

2014											
	Florida Parishes Human Services Authority		Afterschool Achieve- ment Program	Family Resource Center	Youth Anger Manage- ment SMA	Total Program Services	Manage- ment and General	Fund Raising	Total		2013
	Life Skills Training	SYNAR IX Contract									
Expenses											
Salaries and Wages	\$ 75,357	\$ 5,797	\$ 1,159	\$ 7,536	\$ 2,898	\$ 92,747	\$ 22,028	\$ 1,159	\$ 115,934		134,467
Employee Benefits	7,108	454	91	591	227	8,471	1,727	91	10,289		10,489
Contract Services	55,920	7,270	-	-	-	63,190	19,083	-	82,273		79,228
Depreciation	767	91	-	201	201	1,260	566	-	1,826		1,273
Food Supplies	320	-	-	-	-	320	-	-	320		508
Insurance	7,093	480	-	-	-	7,573	-	-	7,573		7,222
Interest	53	-	-	-	-	53	213	-	266		1,436
Office Supplies	3,048	-	-	-	-	3,048	307	-	3,355		5,223
Printing	5,550	900	-	-	-	6,450	-	-	6,450		6,200
Professional Fees	30	459	-	748	288	1,525	9,982	-	11,507		10,435
Rent - In Kind	19,000	1,520	760	1,900	2,280	25,460	12,540	-	38,000		38,000
Repairs and Maintenance	1,160	-	39	580	232	2,011	1,856	-	3,867		4,780
Supplies	23,637	81	-	-	-	23,718	-	-	23,718		26,385
Telephone	2,680	650	-	-	-	3,330	-	-	3,330		2,640
Travel	2,448	-	-	-	-	2,448	-	-	2,448		3,529
Utilities - In Kind	3,000	240	120	300	360	4,020	1,980	-	6,000		6,000
Other	6,551	-	-	299	115	6,965	4,183	-	11,148		15,065
Total Expenses	\$ 213,722	\$ 17,942	\$ 2,169	\$ 12,155	\$ 6,601	\$ 252,589	\$ 74,465	\$ 1,250	\$ 328,304	\$	352,880

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.

Statement of Cash Flows

For the year ended June 30, 2014

(with 2013 comparative totals)

	<u>2014</u>	<u>2013</u>
		<u>Restated</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (13,158)	\$ (31,991)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,826	1,273
Changes in operating assets and liabilities		
(Increase) decrease in receivables	150	(650)
(Increase) decrease in other assets	(290)	(191)
Increase (decrease) in accounts payable	(3,091)	724
Increase (decrease) in accrued payables	(8,363)	18,283
Net Cash Provided by (Used by) Operating Activities	<u>(22,926)</u>	<u>(12,552)</u>
Cash Flows From Investing Activities		
Purchases of property	<u>-</u>	<u>(3,016)</u>
Net Cash (Used) by Investing Activities	<u>-</u>	<u>(3,016)</u>
 Net Cash Increase (Decrease) in Cash and Cash Equivalents	 (22,926)	 (15,568)
Cash and Cash Equivalents, Beginning of Year	113,387	128,955
Cash and Cash Equivalents, End of Year	<u>\$ 90,461</u>	<u>\$ 113,387</u>
 Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2014
(with 2013 summarized comparative information)

Introduction

The Tangipahoa Alcohol and Drug Abuse Council, Inc., (TADAC) (the Organization) is a non-profit 501(c)3 agency and operates a community-based alcohol, tobacco and other drug prevention program in Hammond, Louisiana. Formerly known as the Substance Abuse Advisory Council (SAAC), TADAC was formed by a group of concerned citizens on October 21, 1983. Initially the group focused on getting information to the public regarding twelve step programs in the area, training individuals in intervention techniques and disseminating prevention materials and information.

The Organization's mission has expanded to include programs and services that strengthen and empower families to confront the many challenges in our society that can potentially harm adults and children alike. These include the development of over twenty alcohol, tobacco and other drug prevention education classes; several evidence based model prevention programs for students; anger management classes for adults and young people; nearly twenty-five parent enrichment classes; major awareness campaigns such as the National Red Ribbon Campaign; the Summer FUN Guide and Summer FUNtastic program; the Miller Memorial Library Family Resource Center; and The Mouse Pad public use computer lab.

Tangipahoa Alcohol and Drug Abuse Council, Inc. operates the following programs to accomplish its mission:

- The Life Skills Training Program funded through the Florida Parishes Human Services Authority provides social services for work with elementary and middle school students to provide evidence based prevention programs which address identified risk and protective factors that work towards the prevention and reduction of addictive disorders and other risky behavior.
- The SYNAR Project funded through the Florida Parishes Human Services Authority provides social services to reduce tobacco sales to minors in five parishes. The SYNAR Project is a program to prevent and discourage tobacco sales to minors through fostering awareness of the laws and penalties and the risks associated with tobacco products. The program attempts to achieve its mission through unconsummated compliance checks at vendor locations that sell tobacco and by providing these vendors with educational information after the check.
- Skills for Anger Management provides a youth oriented program to receive services through workshops focused on coping with stress and anger.
- The Alcohol Education Program is a fee based program providing monthly education classes for youth receiving underage possession and purchase citations.
- Afterschool Achievement Program is a cooperative after school math tutoring program that partners TADAC with the Southeastern Louisiana University Math Department and a private company to assist with funding.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2014
(with 2013 summarized comparative information)

1. Summary of Significant Accounting Policies

A. Restrictions on Net Assets

Revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes.

B. Comparative Information and Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived. The Organization restated its 2013 financial statements in the current year and this restatement, as described in Note 11, is reflected in the 2013 summarized information.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

D. Cash and Cash Equivalents

The Organization's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

E. Investments

Investments are reported at fair value. Investment income classified as operating revenue consists of interest and dividend income on investments and gains approved for use in operations. All other realized and unrealized gains or losses are classified as nonoperating activity and are available to support operations in future years and to offset potential market declines. Investments classified as current are available for operations in the next fiscal year.

Various methods and assumptions were used to estimate the fair value of each class of financial instruments. Cash and cash equivalents are valued at their carrying amount due to their short maturities. Investments are reported at fair value based on quoted market prices. Debt is valued at rates currently available to the Organizations for issuances with similar terms and remaining maturities.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2014
(with 2013 summarized comparative information)

F. Inventories and Prepaid Items

All inventories, when held, are valued at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Property and Equipment

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Interest expense incurred during a period of construction, less related interest income earned on proceeds of tax-exempt borrowings, is capitalized. Property under capital leases is amortized over the lease term. Any gain or loss on sale of land, buildings and other property is reported as other revenues on the statement of activities. The Organization maintains a threshold level of \$1,000 or more for capitalization of property and equipment.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capitalized assets, other than land, are depreciated using the straight-line method over their estimated useful lives ranging from three to ten years.

H. Revenue Recognition

Contributions, which include unconditional promises to give (pledges) are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

The Organization reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Product or service revenue is generally recognized upon delivery of the product or services to the customer.

Gains and losses on investments and other assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

I. Contributed Services and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. There are several volunteers, which donate time in the organization's programs and supporting services, however, due to the lack of an objective basis to measure the value of these non-specialized services, no contributed service revenue has been recorded in these instances.

Donated materials are recorded at their fair value at the date of the gift. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2014
(with 2013 summarized comparative information)

J. Income Taxes

The Tangipahoa Alcohol and Drug Abuse Council, Inc. is a not-for-profit Organization. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The three previous year's tax returns remain subject to examination by the Internal Revenue Service.

2. Cash and Cash Equivalents

Cash and cash equivalents were as follows at June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Demand Deposits	\$ 6,777	\$ 22,695
Money Market Savings Accounts	83,684	90,692
	<u>\$ 90,461</u>	<u>\$ 113,387</u>

The Organization held funds at one bank at June 30, 2014. Funds did not exceed Federal Deposit Insurance limits.

3. Receivables and Revenues

Receivables as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Florida Parishes Human Services Authority	\$ 6,725	\$ 6,875
	<u>\$ 6,725</u>	<u>\$ 6,875</u>

The work produced and services provided through the use of revenues received can be seen through the statement of functional expenses by program on page 8 and a description of each program can be found in the introduction on page 11 of this report.

4. Property and Equipment

The cost and accumulated depreciation of land, buildings, and other property were as follows at June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Land	\$ -	\$ -
Buildings and improvements	-	-
Furniture and Equipment	33,927	68,387
Total cost of assets placed in service	<u>33,927</u>	<u>68,387</u>
Less accumulated depreciation	(29,000)	(61,634)
Property and equipment, net	<u>\$ 4,927</u>	<u>\$ 6,753</u>

A significant portion of the above fixed assets was acquired with restricted assets and title to this property and equipment may revert to the State of Louisiana should the Organization cease operations. Fixed assets on loan for the Organization's

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2014
(with 2013 summarized comparative information)

temporary use, including library books, library equipment, and kitchen appliances, are not included in fixed assets as other parties retain title to these items. In-kind contribution revenue for the Organization's use of these items is not reasonably estimable and not provided for.

The Organization does not own its current building and is afforded donated use of the building on an indefinite basis. See Note 5 for further information.

During the fiscal year ending June 30, 2014, there were no assets additions. The Organization also removed \$34,460 of miscellaneous office equipment from the asset listing of which all was fully depreciated. During the fiscal year ending June 30, 2013, two computers were acquired for \$3,016 and there were no dispositions.

Depreciation expense was \$1,826 and \$1,273 for the fiscal year ended June 30, 2014 and 2013 respectively.

5. Donated Services and Facilities

During the fiscal years ending June 30, 2014 and 2013 volunteer workers donated an estimated 2,599 and 2,603 hours of time respectively, which is not reflected in the accompanying financial statements because no objective basis is available to measure its value. The estimated value based on minimum wage rates, which is not recorded in the accompanying financial statements totals \$18,843 and \$18,868 for the fiscal years ending June 30, 2014 and 2013 respectively.

Office space, utilities and maintenance were donated to the Tangipahoa Alcohol and Drug Abuse Council, Inc. by the City of Hammond for the fiscal year ending June 30, 2014 and 2013 with estimated fair values as follows: rent \$38,000, utilities \$6,000 and maintenance services of \$3,600 for each fiscal year. Various other organizations donated publications to the Organization with an estimated value of \$0 and \$1,554 for the fiscal years ending June 30, 2014 and 2013 respectively.

6. Compensated Absences

Vacation days are earned at the rate of one half days per semi-monthly pay period that an employee satisfactorily completes work. No more than ten vacation days may be carried over from one calendar year to another. Compensation for days remaining is not paid upon termination of employment. No liability is recognized for unpaid accrued vacation time.

7. Accrued Payables

Accounts and Accrued Payables as of June 30, 2014 and 2013

	2014	2013
Accounts Payable	\$ -	\$ 3,091
Accrued Salaries	2,587	10,280
Other Accrued Liabilities	34	34
LST Evaluation Payable	4,164	4,500
Other Payroll Liabilities	7,827	9,361
Professional Fees	6,900	6,200
United Way Deduction	2,820	2,320
	<u>\$ 24,332</u>	<u>\$ 35,786</u>

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2014
(with 2013 summarized comparative information)

8. Allocation of Expenses

Whenever possible, expenses are allocated to programs as direct costs. In some instances, common expenses are incurred which support the work performed under more than one grant or contract. Such expenses are allocated as agreed by the funding organizations or, in the absence of an agreement, on the basis which appears most reasonable to the Tangipahoa Alcohol and Drug Abuse Council, Inc.

9. Concentrations

For the fiscal year ended June 30, 2014, \$239,770 or approximately 76 percent of the Tangipahoa Alcohol and Drug Abuse Council, Inc.'s revenues was derived from grants through the Louisiana Department of Health and Hospitals Florida Parishes Human Services Authority.

10. Commitments and Contingencies

The Organization receives a substantial amount of its support for its programs of providing assistance to those in need through contributions and grants from other public entities. These funding sources are subject to limitations including time, funding levels, and changes in law that could affect the level of funding received.

At June 30, 2014, the Organization was not involved in any outstanding litigation or claims.

11. Prior Period Adjustment

During the fiscal year ending June 30, 2014 the Organization made the following prior period adjustment:

Unadjusted Net Assets at 6/30/13	\$	104,084
To record the amount for Accrued Salary		(10,280)
Adjusted Ending Net Assets at 6/30/13	\$	<u>93,804</u>

12. Subsequent Events

Subsequent events have been evaluated by management through December 30, 2014, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending June 30, 2014.

**Schedule of Findings
For the Year Ended June 30, 2014**

Part I: Summary of Auditor's Results*A. Financial Statements*

Type of Auditor's Report Issued: unmodified opinion

Internal Control Over Financial Reporting:

Material Weakness(es) Identified: No

Significant Deficiency(ies) that are not considered to be
Material Weaknesses: Yes

Noncompliance Material to the Financial Statements: Yes

B. Federal Awards - N/A

Internal Control Over Financial Reporting:

Material Weakness(es) Identified: N/A

Significant Deficiency(ies) that are not considered to be
Material Weaknesses: N/A

Type of Auditor's Report Issued on Compliance

For Major Programs: N/A

Any Finding to be Reported under

Section 510(a) of OMB Circular A-133: N/A

Was a management letter issued? No

Identification of Major Program(s): N/A

Dollar Threshold to Distinguish Between Type "A" and Type "B" programs: N/A

Statement as to Whether the Auditee qualified as Low-Risk Auditee: N/A

Part II: Findings which are required to be reported in accordance with generally accepted *Governmental Auditing Standards*:A. Compliance Findings – See finding 2014-C1 within the *Corrective Action Plan for Current Year Audit Findings*.B. Internal Control Findings - See finding 2014-I1 within the *Corrective Action Plan for Current Year Audit Findings*. This finding is a significant deficiency.**Part III: Findings and Questioned Costs for Federal Awards which include audit findings as defined in Section 510(a) of Circular A-133:**

N/A

Part IV: Management Letter Items:

There were no management findings.

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2014

Compliance

No compliance findings for the fiscal year ending June 30, 2013.

Internal Control

Finding Number: 2013-I1 (Segregation of Duties).

Type Finding: Significant Deficiency (Continued from prior year finding 2012-I1).

Criteria: With all smaller agencies, there will be limited segregation of duties for recording and reporting financial transactions, and as such this will be a continuing finding. For the Council, the Executive Director, in addition to management duties, is involved in financial input and reporting.

Effect: The Council must demonstrate that activities related to financial management are reasonably and accurately reported, and to the extent practical secondary controls are implemented for review of key financial transactions.

Cause: The general size and finances of the entity consolidate many of the accounting, reporting functions into one position.

Description of Finding: The Tangipahoa Alcohol and Drug Abuse Council (the Council) must demonstrate that activities related to financial management are reasonably and accurately reported. With all smaller agencies, there will be limited segregation of duties for recording and reporting financial transactions, and as such this will be a continuing finding. For the Council, the Executive Director, in addition to management duties, is involved in financial input and reporting. Our recommendations for prior years involved the following recommendations:

- Require dual signatures on checks, including signatures by board members.
- Adopt a timetable for completion of monthly financial reports to ensure financial reports are presented to the board on a timely basis.
- Have the board review and sign-off, or designate a board member for review and sign-off, of monthly bank reconciliations, monthly cash registers, and monthly check and invoice registers.
- Periodically conduct unannounced review by designated board member of detailed general ledger for vendors paid for reasonableness.
- Ensure that pay rates and contract pay rates are approved by the board.

Corrective Action Taken: The Tangipahoa Alcohol and Drug Abuse Council responded positively to each of the above recommendations and have indicated that they will continue to implement the above recommendations as part of their ongoing review process.

Based on these actions and the size of the organization, it appears that the Council is following the audit recommendations based on the available resources to segregate some of the duties and implement available mitigating controls. However, given the Council's size, the risk will probably never be fully eliminated.

Current Year Status: Since proper segregation of duties is a continuing issue of smaller agencies, this finding is continued as Finding 2014-I1 within the *Corrective Action Plan for Current Year Audit Findings*.

Tangipahoa Alcohol and Drug Abuse Council, Inc.

Schedule 2

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2014**

Contact Person:

Mr. Calvin Kaul, Board President
(985) 345-5493

Management Letter

There were no management findings for the fiscal year ending June 30, 2013.

This schedule was prepared by management.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2014

Schedule 3

Compliance

Finding Number: 2014-C1 (Audit Filing Requirement).

Criteria: Tangipahoa Alcohol and Drug Abuse Council, Inc. is subject to audit requirements as defined in Revised Statutes 24:513(A) for filing financial audit reports. The general deadline for filing is six months after the end of the entity's fiscal year, but may be extended per Legislative Auditor approval.

Condition: The Organization must comply to legal deadlines for filing audit reports, but must also ensure that sufficient time is available to complete procedures required in accordance with *Government Auditing Standards*.

Effect: The Organization must comply to legal deadlines for filing audit reports or request audit filing extensions.

Cause: While the report was drafted and dated before the audit filing deadline, due to the holidays, there was a delay in making necessary clerical corrections to the report. The report will be filed within the 15 day grace period.

Response by Management: We will monitor audit filing deadlines and comply with filing requirements.

Corrective Action Taken: Partial

Anticipated Completion Date: Audit Report to be submitted to the Legislative Auditor by January 8, 2015.

Contact Person:
Mr. Calvin Kaul, Board President
(985) 345-5493

Internal Control

Finding Number: 2014-I1 (Segregation of Duties).

Type Finding: Significant Deficiency (Continued from prior year finding 2013-I1).

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: Duties throughout the financial reporting process, which are considered incompatible, are being performed by the Organization's Executive Director.

Cause: Due to the size and nature of the Organization, there are few administrative employees and as such, some incompatible duties are not adequately segregated.

Effect: Inadequate segregation of duties exposes the Organization to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendations: Tangipahoa Alcohol and Drug Abuse Council, Inc. should continue to explore ways to segregate incompatible duties; possibly through the use of other personnel or staff and use of the Organization's outside CPA firm as appropriate.

Response by Management: The Organization will continue to explore ways to segregate duties. The Organization will continue ensuring that compensating controls are designed and are operating effectively.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2014

Schedule 3

Corrective Action Taken: Partial

Contact Person:

Mr. Calvin Kaul, Board President
(985) 345-5493

Management Letter

There were no management findings for the fiscal year ending June 30, 2014.

This schedule was prepared by management.

Bruce C. Harrell, CPA

Dale H. Jones, CPA
Kristi Bergeron, CPA
Jessica H. Jones, CPA
Brandy Westcott Garcia, CPA

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs



BRUCE HARRELL
and COMPANY

CERTIFIED PUBLIC
ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To Members of the Administrative Board
Tangipahoa Alcohol and Drug Abuse Council, Inc.
108 South Pine Street
Hammond, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tangipahoa Alcohol and Drug Abuse Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tangipahoa Alcohol and Drug Abuse Council, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tangipahoa Alcohol and Drug Abuse Council, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Page 2

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, listed in the accompanying schedule of findings that we consider to be a significant deficiency and which is described in the accompanying *Corrective Action Plan for Current Year Audit Findings* as Finding 2014-II.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tangipahoa Alcohol and Drug Abuse Council, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is listed and described in the accompanying *Corrective Action Plan for Current Year Audit Findings* as Finding 2014-C1.

Tangipahoa Alcohol and Drug Abuse Council, Inc.'s Response to Findings

Tangipahoa Alcohol and Drug Abuse Council, Inc.'s response to the findings identified in our audit, including responses to Findings 2014-C1 and 2014-II, is described in the accompanying *Corrective Action Plan for Current Year Audit Findings*. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
Kentwood, Louisiana

December 30, 2014